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ARAB COUNTRIES PROGRAMME, INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

Report by the Director-General

Reports on the implementation of General Conference resolution GC.7/Res.7, in compliance with paragraph 4 of that resolution.

Introduction

1. Resolution GC.7/Res.7 stressed the need for the Arab countries to enhance their industrial capacities and develop their industrial human resources. Special emphasis was placed on the need to support the least developed Arab countries as well as to strengthen regional industrial cooperation. Requests addressed to the Director-General in the resolution concerned (a) mobilization and diversification of financial and other resources for the Regional Programme; (b) cooperation with the Palestine Liberation Organization and other regional organizations; (c) technical assistance to the Palestinian people; and (d) securing additional resources from development finance institutions. The present document reports on progress made in the implementation of those requests.

I. RESOURCES FOR REGIONAL PROGRAMME

2. A significant development in resources allocated in support of the Arab countries occurred within the framework of field representation. UNIDO's presence in the region strengthened considerably in 1998 through the opening of two new UNIDO country offices (Algiers and

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Cairo). The existing offices in Beirut (covering Jordan, Lebanon and the Syrian Arab Republic) and Khartoum (covering Djibouti, Sudan and Yemen) were maintained, while the office in Tunis was relocated to Algiers in connection with the re-opening of the UNIDO country office in Algeria. Negotiations are at an advanced stage for the opening of an office in Rabat, Morocco, with the understanding that local costs will be borne by the host country. Furthermore, the Government of Tunisia has expressed interest in covering local costs for the re-opening of a UNIDO office in Tunis, which would also cover investment promotion.

3. As an early step in the preparation of high impact, integrated technical cooperation programmes, a number of missions composed of multi-disciplinary teams were launched in 1998 and 1999. The missions covered Algeria (September 1998), Morocco (October 1998), Saudi Arabia (February 1999), Sudan (December 1998), Tunisia (March 1999), Palestine (March 1999) and Yemen (April 1999). As a direct result, seven large-scale integrated programmes are being formulated. Similar missions are planned in 1999 for Egypt, Jordan, Kuwait, Lebanon, Syrian Arab Republic and the United Arab Emirates.

4. UNIDO has been working closely with recipient countries to identify sources of financing for integrated programmes in the region. Sufficient funds have been secured from bilateral sources to initiate the programme for Tunisia. Other approaches being pursued include self-financing and inter-agency programmes with co-financing.

II. COOPERATION WITH REGIONAL ORGANIZATIONS

5. The Director-General headed the UNIDO delegation which actively participated in the eighth Conference for the Industrial Development of the Arab Countries (Damascus, June 1998), the objective of which was to agree on common policies and strategies for the industrial development of, and cooperation between, the Arab countries. The Conference had been prepared under a joint UNIDO/AIDMO project, for which a joint follow-up is under consideration.

6. With a view to strengthening cooperation at the regional level, a joint communique on UNIDO/ESCWA/AIDMO cooperation is being initiated. Priority areas addressed include the strengthening of the region's industrial capacity through investment and technology promotion; global forum activities; industrial policies and strategies; cleaner production; industrial information; small and medium enterprises; metrology, standardization, certification and accreditation.

7. In a UNIDO training seminar held in Jeddah, Saudi Arabia, from 20 February to 3 March 1999, 18 staff members of the Islamic Development Bank, as well as four representatives of institutions in the region, upgraded their skills in the identification, preparation and appraisal of industrial investment projects. Topics included project development cycle, marketing, technical analysis and financial appraisal. Based on the seminar's success, the Bank has requested UNIDO to develop a three-year training programme on project development cycle.

III. ASSISTANCE TO THE PALESTINIAN PEOPLE

8. UNIDO has prepared a comprehensive draft support programme to Palestinian industry for the years 1999 to 2001. The programme is based on a detailed analysis of the current structure and features of the industrial sector in the West Bank and Gaza Strip, the industry sector's primary needs, and the policies and priorities for industrial development as presented by the Palestinian Authority in, *inter alia*, the National Development Plan for 1999-2003 prepared by the Palestinian Ministry of Planning and International Cooperation.

9. The draft support programme contains two components with 12 project concepts, of which five have already been integrated in the National Development Plan for 1999-2003:

Component

1 Capacity-building for the Ministry of Industry
2 Private sector development

10. The draft support programme is now being finalized in the light of the conclusions from discussions with the Palestinian authorities. A funds mobilization initiative will then be launched with potential multilateral and bilateral donors having already expressed interest in supporting Palestinian industry.

IV. ACTION REQUIRED OF THE BOARD

11. The Board may wish to take note of the information provided in the present document.